

Message Text

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ORIGIN PM-04

INFO OCT-01 AF-08 ISO-00 TRSE-00 OMB-01 ACDA-07 CIAE-00

INR-07 NSAE-00 IGA-02 AID-05 /035 R

DRAFTED BY PM/SAS: DHESTER:KLW

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P 040204Z SEP 76

FM SECSTATE WASHDC

TO AMEMBASSY NAIROBI PRIORITY

INFO SECDEF PRIORITY

USCINCEUR PRIORITY

C O N F I D E N T I A L STATE 219607

E.O. 11652: GDS

TAGS:MASS, KE

SUBJECT:FY 197T FMS GUARANTEED CREDIT FOR KENYA

1. EMBASSY MAY INFORM GOK THAT USG IS PREPARED TO PROVIDE \$15 MILLION IN FMS GUARANTEED CREDIT FOR KENYA DURING FY 197T (TRANSITION QUARTER) TO HELP GOK MEET ADVANCE PAYMENT SCHEDULE REQUIRED BY ACCELERATED DELIVERIES OF F-5E/F AIRCRAFT.

2. FY 197T LOAN AGREEMENT, WHICH MUST BE SIGNED NO REPEAT NO LATER THAN SEPTEMBER 30, WILL BE SIMILAR IN FORM AND CONTENT TO FY 1976 AGREEMENT. LOAN OF \$15 MILLION WITH MAXIMUM REPAYMENT PERIOD OF TEN YEARS INCLUDING TWO YEAR GRACE PERIOD, WILL BE SOUGHT FROM FEDERAL FINANCING BANK (FFB). DISBURSEMENT PERIOD WILL BE FIRST 18 MONTHS FOLLOWING DATE OF SIGNATURE OF LOAN
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AGREEMENT. INTEREST WILL AGAIN BE RATE AT TIME OF DIS-

BURSEMENT AS DETERMINED BY FFB. INTEREST ON PRINCIPAL OUTSTANDING WILL BE PAID ON APRIL 1 AND OCTOBER 1 OF EACH YEAR COMMENCING APRIL 1, 1977. PRINCIPAL WILL BE REPAYED IN 17 CONSECUTIVE SEMIANNUAL PAYMENTS (APRIL

1 AND OCTOBER 1) OF APPROXIMATELY EQUAL AMOUNTS, COMMENCING OCTOBER 1, 1978. USG WILL GUARANTEE LOAN, FOR WHICH GUARANTY FEE OF \$37,500 WILL BE PAID BY GOK FROM ITS OWN RESOURCES. OTHER TERMS OF LOAN WILL BE DETERMINED BY FFB.

3. WE WILL INFORM EMBASSY WHEN LOAN AGREEMENT IS READY FOR SIGNATURE, AT WHICH TIME GOK SHOULD AUTHORIZE EMBASSY OR OTHER OFFICIAL TO SIGN FY1977 FFB LOAN AGREEMENT AND PROMISSORY NOTE IN WASHINGTON. ROBINSON

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